

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of )  
 ) DOCKET NO. 19658  
[REDACTED], )  
 )  
 ) DECISION  
 )  
Petitioner. )  
 )  
\_\_\_\_\_ )

On July 11, 2006, the staff of the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission (Tax Commission) issued a Notice of Deficiency Determination to [Redacted] (taxpayer), proposing income tax, penalty, and interest for the taxable years 2001 and 2002 in the total amount of \$2,038.

On September 11, 2006, the taxpayer filed a timely appeal and petition for redetermination. The taxpayer did not respond to the Tax Commission's hearing rights letter and has provided no additional information for the Tax Commission to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

The Bureau received information from the Idaho Department of Labor that showed the taxpayer was employed in Idaho in 2001 and 2002. The Bureau researched the Tax Commission's records and found that the taxpayer did not file individual income tax returns for those years. The Bureau contacted the taxpayer and asked about her requirement to file Idaho income tax returns. The taxpayer stated she was required to file Idaho income tax returns for 2001 and 2002. She stated she believed the returns were filed. The Bureau requested copies of the taxpayer's returns but never received them. The taxpayer stated that, when she moved from Idaho, several of her boxes containing her paperwork turned up missing. The taxpayer stated as soon as she located her returns or tax papers she would send the information to the Bureau.

After a few months, the Bureau decided nothing was coming from the taxpayer. Therefore, the Bureau obtained information [Redacted] and prepared Idaho income tax returns

for the taxpayer. The Bureau sent the taxpayer a Notice of Deficiency Determination which the taxpayer protested. The taxpayer stated the Bureau only allowed her one dependent child when she had two children during those years. She stated again that she believed the returns were filed but that she was unable to provide copies because they were lost in her move to another state.

The Bureau referred the matter for administrative review, and the Tax Commission sent the taxpayer a letter explaining the methods available for redetermining a Notice of Deficiency Determination. The taxpayer did not respond to the Tax Commission's letter, so the Tax Commission sent a follow-up letter to the taxpayer. Still the taxpayer failed to respond. Therefore, the Tax Commission decided the matter based upon the information available.

The taxpayer worked in Idaho in 2001 and 2002. The taxpayer claimed she filed Idaho income tax returns, but the Tax Commission has no record of the returns nor has the taxpayer been able to provide copies of the returns. The Bureau prepared Idaho income tax returns for the taxpayer based upon [Redacted]. The taxpayer disagreed with those returns stating that the Bureau did not allow her all of her dependent children. [Redacted]

In Idaho, it is well established that a State Tax Commission deficiency determination is presumed to be correct and the burden is on the taxpayer to show that the deficiency is erroneous. Parsons v. Idaho State Tax Commission, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986); Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984). The taxpayer has not shown that the Bureau erred in the preparation of her tax returns. However, the Tax Commission was able to find withholdings for the taxpayer for the 2002 year that the Bureau did not include in its determination. Therefore, the Tax Commission modified the 2002 return to include the taxpayer's withholdings.

Idaho Code section 63-3002 states that Idaho taxable income is to be identical to federal taxable income. Since the Bureau prepared returns [Redacted], the Tax Commission finds the returns prepared by the Bureau an accurate representation of the taxpayer's Idaho taxable income. Therefore, the Tax Commission upholds the Bureau's determination with the modification of allowing the taxpayer's withholdings for 2002.

The Bureau added interest and penalty to the taxpayer's deficiency. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046, respectively.

WHEREFORE, the Notice of Deficiency Determination dated July 11, 2006, is hereby MODIFIED, in accordance with the provisions of this decision and, as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayer pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2001	\$ 591	\$ 148	\$ 200	\$ 939
2002	417	104	114	<u>635</u>
			TOTAL DUE	<u>\$1,574</u>

Interest is computed to November 1, 2007.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of taxpayer's right to appeal this decision is enclosed.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2007.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

CERTIFICATE OF SERVICE BY MAIL

I hereby certify that I have on this \_\_\_\_ day of \_\_\_\_\_, 2007, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]

Receipt No.

\_\_\_\_\_